



Gold News

Gold Market Analysis & Gold Investment Research - Gold Price Commentary & Forecasts



[Home](#)

Gold Price News

- [Gold Trading Volatile Ahead of US Fed's "Risky Gamble" with "Gold-Positive" QEII; "Speculators" Blamed for Rising Commodities](#)

[More...](#)

Gold Presentations

[Why Buy Gold? And How...](#)
[Hyperinflation & Gold](#)

Gold In Depth

- [Gold Buyer's Checklist](#)
- [The Case for Silver](#)
- [Gold Reserves at Central Banks](#)
- [VM Group: The Yellow Book](#)

Gold Articles

[View from the Vault](#)
[Gold Price News](#)
[Investment News](#)
[Gold in History](#)
[Gold Books](#)

Gold News Archive

- [November, 2010](#) (11)
- [October, 2010](#) (97)
- [September, 2010](#) (74)
- [August, 2010](#) (63)
- [July, 2010](#) (107)

[More...](#)

Gold Trading Volatile Ahead of US Fed's "Risky Gamble" with "Gold-Positive" QEII; "Speculators" Blamed for Rising Commodities - 3rd November 2010

Gold Trading was volatile in a widening price-range on Wednesday morning in London, whipping between \$1353 and \$1364 per ounce ahead of the Federal Reserve's widely-expected relaunch of quantitative easing, aka QEII.

World stock markets traded higher as the US Dollar fell, and major-economy government bonds also rose in price, nudging 10-year US Treasury yields down to 2.55%.

Crude oil jumped back towards \$85 per barrel, while the Australian Dollar rose through parity to the US currency for the first time since July 1982.

Silver recorded its first London Fix above \$25.00 per ounce since 3 March 1980.

"The Federal Reserve's proposed policy of quantitative easing is a dangerous gamble with only a small potential upside benefit and substantial risks of creating asset bubbles that could destabilise the global economy," says Harvard economist Marty Feldstein in the *Financial Times* today.

Back in early 1980, the Silver Price dropped more than \$4 per ounce in 3 days, falling from \$27 to just \$12 by the start of May.

"There's certainly going to be more hearings and more pressure" on Fed chairman Ben Bernanke after the Republican Party re-took a majority in the House of Representatives in the mid-term elections, says Mark Calabria at the Cato Institute to Bloomberg.

Kentucky's new Senator-elect, Tea Party candidate Rand Paul, has previously attacked the Fed for imposing inflation - "the sneakiest tax of all" - on US citizens.

"In a world of very low real returns, individuals and investors begin to seek out higher yielding assets," says a new research paper from the Federal Reserve Bank of St.Louis.

"In 2003-2004, many investors...chose to invest heavily in subprime mortgage-backed securities. [Again today, they] might be tempted to seek out more speculative investments."

Italy's Banca Monte dei Paschi today announced the country's first new issue of mortgage-backed securities since 2007's global credit crunch shut the market.

Japanese investors last month poured a record \$5.3 billion into developed-world equity markets, says a note from French bank Société Générale, while European investors put some \$240 million into ETF Securities' gold-backed trust funds, according to a press release.

In the first week of Oct. alone, US investors put \$6bn into emerging-market funds say fund-flow analysts EPFR Global.

"The longevity of what appears to be a speculative bubble in cotton prices," will determine Next's 2011 profits the UK clothes retailer warned today, saying that rising costs will force it to raise shop prices.

Clothing and footwear prices to UK consumer rose last month for the first time since March 1992 year-on-year, according to official data.

Textile manufacturers in China - who use some 40% of the world's cotton output - meantime face a "shortage of raw material," said industry group the China Federation of Logistics and Purchasing today, with last month's record-high prices "endangering" their survival.

Wheat prices meantime rose to two-year highs today, adding well over 50% from June.

Setting a broad, Consumer-Price target in the US Fed's new QEII announcement today "would be very positive for Gold Prices, given that such a mechanism would inherently take inflation over the unwritten 2% target at some point down the line," says a note today from Mitsui's London metals team.

Meantime, "Seasonal jewelry demand for gold (ahead of Diwali and the Indian wedding season) remains strong, even at current prices, adding weight to our bullish stance over the medium term," says today's update from Standard Bank in London.

Gold imports to India - the world's No.1 consumer market, but with no domestic Gold Mining output - rose last month by almost one fifth compared with Oct. 2009, says first estimate from trade body the Bombay Bullion Association.

The BBA today elected Prithviraj Kothari, managing director of Riddisiddhi Bullion Ltd, as its president, succeeding Suresh Hundia of Hundia Exports.

"Seeing the growth of [India's] bullion industry, we look forward towards improving the working standards at India's bullion hub, Zaveri Bazaar in Mumbai," said Kothari in a statement.

"The Association would also like to address issues and concerns of the bullion market to the government, especially the varied taxes on bullion products."

Buying Gold or physical Silver Bullion today...? Get the safest gold at the lowest prices using BullionVault...



Gold Book Reviews



[Read the review](#)

Gold: Supply & Demand News

- [Gold Price "May Fall" on Republican Win](#)
- [Silver Bullion a "Growing Preference" for Investors](#)
- [Gold Mining "Unable to Keep Up" with Demand](#)

[More...](#)

Search Gold News

Syndicate Gold News

[RSS](#)

Contact Gold News

[Email us](#)
[Technorati Profile](#)

Adrian Ash, 03 Nov '10

Adrian Ash runs the research desk at [BullionVault](#), the world's No.1 gold ownership and trading service. Formerly head of editorial at London's top publisher of private-investment advice, he was City correspondent for [The Daily Reckoning](#) from 2003 to 2008, and is now a regular contributor to many leading analysis sites including [Forbes](#). Adrian's views on the [gold market](#) have been sought by the *Financial Times* and *Economist* magazine in London; CNBC, Bloomberg and [TheStreet.com](#) in New York; Germany's *Der Stern* and *FT Deutschland*; Italy's *Il Sole 24 Ore*, and many other respected finance publications.



Protect your wealth.

Please Note: All articles published here are to inform your thinking, not lead it. Only you can decide the best place for your money, and any decision you make will put your money at risk. Information or data included here may have already been overtaken by events – and must be verified elsewhere – should you choose to act on it. Please review our [Terms & Conditions](#) for accessing [Gold News](#).

By accessing the content on this site you agree to our terms and conditions.